



# House of Representatives

General Assembly

**File No. 667**

*January Session, 2013*

Substitute House Bill No. 6513

*House of Representatives, May 1, 2013*

The Committee on Judiciary reported through REP. FOX, G. of the 146th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT CONCERNING THE BUDGET AND SPECIAL ASSESSMENT APPROVAL PROCESS IN COMMON INTEREST COMMUNITIES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsections (a) and (b) of section 47-261e of the general  
2 statutes are repealed and the following is substituted in lieu thereof  
3 (*Effective October 1, 2013*):

4 (a) The executive board, at least annually, shall adopt a proposed  
5 budget for the common interest community for consideration by the  
6 unit owners. Not later than thirty days after the adoption of a  
7 proposed budget, the executive board shall provide to all unit owners  
8 a summary of the proposed budget, including a statement of the  
9 amount of any reserves, and a statement of the basis on which such  
10 reserves are calculated and funded. Simultaneously, the board shall set  
11 a date not less than ten days or more than sixty days after providing  
12 the summary for either a meeting of the unit owners or a vote by ballot  
13 without a meeting to consider approval or rejection of the proposed  
14 budget. If, at that meeting or in the vote by ballot, a majority of [all]

15 unit owners [or any larger number specified in the declaration] votes  
16 to reject the proposed budget, the proposed budget shall be rejected,  
17 provided not less than thirty-three and one-third per cent of the unit  
18 owners entitled to vote on the proposed budget vote at that meeting or  
19 in the vote by ballot to reject the proposed budget. [If, at that meeting  
20 or in the vote by ballot, a majority of all unit owners or any larger  
21 number specified in the declaration does not vote to reject the budget,  
22 the budget shall be approved. The] If an association's declaration or  
23 bylaws include quorum requirements for a meeting, the absence of a  
24 quorum at such meeting or participating in the vote by ballot shall not  
25 affect rejection or approval of the proposed budget. If a proposed  
26 budget is rejected, the budget last approved by the unit owners  
27 continues until unit owners approve a subsequent budget. If a  
28 proposed budget is not rejected in accordance with the provisions of  
29 this subsection, the proposed budget shall be deemed approved.

30 (b) The executive board, at any time, may propose a special  
31 assessment. Not later than thirty days after adoption of a proposed  
32 special assessment, the executive board shall provide to all unit owners  
33 a summary of the proposed special assessment. Unless the declaration  
34 or bylaws otherwise provide, if [such] the proposed special  
35 assessment, together with all other special and emergency assessments  
36 proposed by the executive board in the same calendar year, do not  
37 exceed fifteen per cent of the association's last adopted periodic budget  
38 for that calendar year, the proposed special assessment is effective  
39 without approval of the unit owners. Otherwise, the board shall set a  
40 date not less than ten days or more than sixty days after providing the  
41 summary for either a meeting of the unit owners or a vote by ballot  
42 without a meeting to consider approval or rejection of the proposed  
43 special assessment. If, at [such] that meeting or in the [balloting] vote  
44 by ballot, a majority of [all] unit owners [or any larger number  
45 specified in the declaration] votes to reject the proposed special  
46 assessment, the proposed special assessment shall be rejected,  
47 provided not less than thirty-three and one-third per cent of the unit  
48 owners entitled to vote on the proposed special assessment vote at that  
49 meeting or in the vote by ballot to reject the proposed special

50 assessment. [If, at such meeting or in the balloting, a majority of all  
51 unit owners or any larger number specified in the declaration does not  
52 vote to reject the special assessment, the special assessment shall be  
53 approved. The] If an association's declaration or bylaws include  
54 quorum requirements for a meeting, the absence of a quorum at such  
55 meeting or participating in the vote by ballot shall not affect the  
56 rejection or approval of the proposed special assessment. If a proposed  
57 special assessment is not rejected in accordance with the provisions of  
58 this subsection, the proposed special assessment shall be deemed  
59 approved.

This act shall take effect as follows and shall amend the following sections:

Section 1	October 1, 2013	47-261e(a) and (b)
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**Statement of Legislative Commissioners:**

In section 1(a), in the fifth sentence, "budget" was changed to "proposed budget" for consistency and in section 1(b), in the fifth sentence, "special assessment" was changed to "proposed special assessment" for consistency.

**JUD**      *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

**Explanation**

The bill revises voting requirements with regards to the proposed budgets and special assessment of common interest communities and does not result in a fiscal impact.

**The Out Years**

**State Impact:** None

**Municipal Impact:** None

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**OLR Bill Analysis****HB 6513*****AN ACT CONCERNING THE BUDGET AND SPECIAL ASSESSMENT APPROVAL PROCESS IN COMMON INTEREST COMMUNITIES.*****SUMMARY:**

This bill changes requirements under the Common Interest Ownership Act (CIOA) for approval of annual budgets and special assessments.

Under current law, common interest community annual budgets and special assessments are approved unless a majority of all unit owners, or a larger number specified in the association's declaration, votes to reject them.

The bill instead provides that a proposed budget or assessment is rejected if (1) a majority of all unit owners participating in the vote rejects it and (2) at least one-third of unit owners entitled to vote on the measure vote to reject it. Otherwise, the budget or assessment is deemed approved.

Under existing law and the bill, the absence of a quorum in the vote does not affect the budget's or assessment's approval or rejection.

By law, if the unit owners reject a proposed budget, the last approved budget continues until they approve a subsequent budget. Also, unit owner approval is not required for special assessments that are (1) small relative to the association's budget (unless the declaration or bylaws provide otherwise) or (2) needed in an emergency (see BACKGROUND).

The bill also makes technical changes.

EFFECTIVE DATE: October 1, 2013

## **BACKGROUND**

### ***Common Interest Ownership Act***

CIOA governs the creation, alteration, management, termination, and sale of condominiums and other common interest communities (CGS § 47-200 et seq.).

Generally, CIOA applies to common interest communities created in Connecticut on or after January 1, 1984. However, certain provisions of CIOA (including the provisions that this bill amends) apply to common interest communities created in Connecticut before January 1, 1984 but do not invalidate existing provisions of the communities' governing instruments. Common interest communities created before then can amend their governing instruments to conform to portions of CIOA that do not automatically apply (CGS §§ 47-214, -216, -218).

### ***Special Assessments Not Requiring Owner Approval***

Under CIOA, unless the association's declaration or bylaws provide otherwise, if a special assessment, together with all other special and emergency assessments the board proposed in the same calendar year, do not exceed 15% of the association's last adopted budget for that year, the assessment is effective without unit owner approval.

CIOA also allows a special assessment to take effect immediately if the executive board determines by a two-thirds vote that it is necessary to respond to an emergency and it promptly provides notice of the emergency assessment to all unit owners. The board may spend emergency assessment receipts only for the purposes described in its vote.

### ***Related Bill***

SB 1103, reported favorably by the Judiciary Committee, changes the approval requirements under CIOA for assignments of the right to future income as security for loan agreements. It provides that the assignment is approved unless a majority of unit owners votes against

it, rather than approved only if a majority votes for it.

**COMMITTEE ACTION**

Judiciary Committee

Joint Favorable

Yea    42    Nay   2    (04/12/2013)